

# The Present Stage of the Cold War

by W. W. Rostow

Counselor of the Department and Chairman of the Policy Planning Council<sup>1</sup>

My first duty and my great privilege this evening is to bring you greetings from the President of the United States. He knows of our gathering and what I am about to say to you. It is quite unnecessary for me to tell you how deeply he is concerned with the affairs and the future of this city.

No American comes to this city without long memories, great admiration, and a sense of the vital mutual commitments that bind the men, women, and children of Berlin to our own people and to the whole free world.

My first visit here was in the late spring of 1946, when I came to help work out with General [Lucius D.] Clay and General [William H.] Draper [Jr.] a program of priorities for the Ruhr coal mines and miners—priorities in steel, equipment, housing, and food—one of the first and most fundamental steps in the economic recovery of Germany and of Europe. I was in Europe during the airlift of 1948–49 and watched intimately the diplomatic process by which the combination of your courage and poise on the one hand and the success of the airlift on the other caused Stalin to abandon his brutal indirect assault upon you.

I was here again in the spring of 1959, after 3 weeks in Eastern Europe. I shall never forget the impact of emerging from the gray half-life of the East into this vital center of democracy and Western life and values—in their largest sense. What you have made Berlin since 1945 is evidently one of the great creative achievements of the post-war years.

Now I have the honor to come here, as a member

of my Government, to talk with your officials about longrun plans for Berlin's future and to meet with you tonight.

In Washington my job is planning. And I must, therefore, work on selected problems along the whole long front of military and foreign policy. To help select these key planning problems it is part of my job to scan, as it were, the full radar screen of international affairs; to peer ahead; to form an assessment of where we of the free world stand in the cold war and where we are going; to identify the underlying trends and the problems for the future on which we ought to be working right now.

I thought it might be of interest if I were to share with you tonight the kind of global assessment my job requires.

My theme is simple: We stand at a point of both great danger and great hope in the cold war. The danger is evident enough: here in Berlin, in Viet-Nam, in Cuba, and at many other points of threat, conflict, or tension. On the other hand, powerful forces of history are at work tending to unify and strengthen the free world and to dilute and fragment the danger we confront from the nations now controlled by communism. Our common task is to hold firm and united—as never before—while simultaneously working with the tides of history, for, in the end, history is only made by determined individual men and women.

But let me begin nearer the beginning.

I shall try this evening to do four things. First, to draw for you a picture of how I believe our own policy has unfolded over the past 22 months; second, to examine the events of this period from the perspective of the Communist

<sup>1</sup> Address made before the Ernst Reuter Society at the Free University of Berlin, Berlin, Germany, on Oct. 18.

block; third, to suggest certain broad conclusions; and fourth, to indicate how all this may relate to Berlin.

### **U.S. Policy Since January 1961**

When the new administration came to Washington in January 1961 we faced two kinds of problems: first, a series of urgent and dangerous crises; second, a series of slower moving but equally dangerous situations which, if constructive action were not taken, might slide against us and the free world as a whole.

In Southeast Asia we found that the agreements made at Geneva in 1954 with respect to both Laos and Viet-Nam<sup>1</sup> were in disarray. The United States is not a party to these agreements, but we did agree not to upset them if they were honored by the Communists. In January 1961 they were not being honored.

In Laos there was a civil war in which Communist Pathet Lao, backed by the North Vietnamese, were seeking to take over the country. In South Viet-Nam there has been built up since 1958—as a result of decisions taken in Hanoi (evidently with support in Moscow and Peiping)—a most dangerous guerrilla war based on infiltration, supply, and tutelage by Communists in the north.

In the Congo there existed all the potentialities for a civil war which might result in the creation of a Communist base in central Africa, and which could offer to Communists an attractive potential terrain for guerrilla warfare.

In Cuba a Communist government existed, already committed to spreading the methods of subversion and guerrilla warfare, which Castro had used to gain power in Cuba, to the mainland of Latin America.

Thus, when we read Mr. Khrushchev's speech of January 6, 1961, and the blessing he gave to the methods of subversion and guerrilla warfare, we took this matter very seriously indeed. We regarded the challenge not merely as a series of regional crises but part of a general Communist offensive designed to corrode the free world without confronting either our nuclear or our conventional military strength. All the potentialities existed in January 1961 for the spread of Communist power by these methods into Southeast Asia,

<sup>1</sup>For texts, see *American Foreign Policy, 1950-1955: Basic Documents*, vol. I, Department of State publication 6446, pp. 750 and 775.

Africa, and Latin America—even the quite rapid spread, for Khrushchev's offensive had real momentum.

In addition we faced the situation here in Berlin. In 1958 Mr. Khrushchev had stated his demand that the Western Powers be withdrawn from Berlin and the status of the city be changed. Khrushchev's proposals, if accepted, could have made access to this city a matter over which Mr. Ulbricht's [Walter Ulbricht, head of the East German regime] Communists could exercise a decisive control. By this route the Soviets aimed to destroy the basis for a free West Berlin; and at Vienna in June 1961 Khrushchev was blunt to the point of ultimatum in stating his determination to loosen, if not destroy, the Western presence here.

### **Moves To Protect Free-World Interests**

These five crises are still with us, but on each of them we have moved to protect the vital interests of the free world and to seal off the danger of an extension of Communist power.

In Laos we have encouraged the establishment of the framework of a neutral and independent state which could permit the people of this small country to work out their destiny in their own way. This framework was judged superior to the split of Laos. A split Laos might have turned over access to northern Laos to Mao and Ho Chi Minh—a distinctly unattractive prospect. Eventually the negotiation of neutrality was achieved. It is evident that the continued independence and neutrality of Laos will require the greatest alertness, political imagination, and determination as well as the determination of the people of Laos themselves to preserve their independence.

In Viet-Nam we are working with the South Vietnamese to help them defeat the war of subversion which has been imposed by the Communists and to get the North Vietnamese elements back where they belong—north of the 17th parallel. Here progress has been made. A situation of the most immediate danger has been converted into one which is more hopeful than it was even 6 months ago; but the road ahead may be long and hard. Time has been gained in which to make

<sup>2</sup>For text of a Declaration on the Neutrality of Laos and an accompanying protocol, see *Bulletin of Aug. 23, 1962*, p. 259.

a beginning on two decisive problems—the full engagement of the Vietnamese people in the struggle, and the project of Communist infiltration into the north, which is ultimately linked to the settlement in Laos.<sup>1</sup> With respect to the former, I can report that the Vietnamese authorities lack complete control over their people; and, of course, are actively engaged in trying to win constructive links between Saigon and the villages.<sup>2</sup> The Government and the people of Viet-Nam are now engaged by means which promise not only to provide bases for victory but also the foundations for the long-run viability of Viet-Nam as a modern nation.

In the Congo we are backing the effort of the United Nations to help the Congolese create a united, independent, and viable country.<sup>3</sup> There still is no final solution; we are not yet out of the woods, but we have come a long way. Despite many difficulties the United Nations has played an important role in helping the Congolese toward the creation of a truly independent African state. In doing so it helped frustrate the evident ambition of Moscow to create a Communist base in central Africa.

In Cuba, after the events of April 1961, we have worked with our friends in Latin America and in NATO to isolate the Communist government in Havana and to insure that the techniques of indirect aggression which the Cuban Communists would like to apply to Latin America will be frustrated. We have sought the cooperation of our allies in imposing restrictions on shipments to Cuba. The danger of Cuban intervention in Latin America has been diminished by these actions and by the decisions taken by the Organization of American States at the Punta del Este conference last January<sup>4</sup> and at the recent informal session in Washington.<sup>5</sup> The Western Hemisphere is now more alert to the danger of subversion and guerrilla warfare, and it is in a legal position to move together. To a degree, Castro has eased our task. His brutal and inefficient policies toward his own people, his behavior toward Latin America, his acceptance of subservience to Moscow have destroyed the illusion that he belonged in the authen-

<sup>1</sup>For a Department statement, see *ibid.*, Sept. 10, 1962, p. 279.

<sup>2</sup>For background, see *ibid.*, Feb. 19, 1962, pp. 267 and 270.

<sup>3</sup>For text of final communique, see *ibid.*, Oct. 22, 1962, p. 598.

tic tradition of the long Latin American struggle for social justice and economic progress. Our President has carefully judged the situation in which we would bring our own military forces to bear in Cuba;<sup>6</sup> we have recently taken, unilaterally and with our friends, important further steps to isolate Cuba and to dislodge the danger it represents;<sup>7</sup> and we remain committed to help the people of Cuba regain their independence and rejoin the close family of Latin American nations. But, of course, the threat of communism in Latin America remains.

With respect to the city of Berlin, we formulated our position and held to it. We intend that Berlin shall remain free. We intend that the access to the West remain unencumbered. We shall continue the protection which the presence in Berlin of Western military forces there can afford. Moreover, we intend to work with our friends in Berlin, in Germany, and elsewhere to help maintain this city as a viable, constructive, and important part of the free-world community.

The unity of the West has been maintained along these lines. It has been tested, certainly, and it will be tested again—perhaps gravely tested—before Khrushchev realizes that his continued Berlin crisis is counterproductive. But there is not the slightest doubt about the depth, the seriousness, or the steadiness of the American and Allied commitment.

Although Mr. Khrushchev may one day ease the pressure that now bears down upon you—and upon us—Berlin's situation will remain difficult so long as Germany is divided. This city will remain a temptation to the Communists so long as the cold war continues.

#### **U.S. Aid and Trade Programs Improved**

In addition to Berlin and these four other crises, we found that slow but dangerous erosion was taking place elsewhere. We needed, for example, a policy which would align the United States actively with the great forces in Latin America which seek economic development and greater social justice. To this, our response was the Alliance for Progress.

<sup>4</sup>*Ibid.*, Oct. 1, 1962, p. 481.

<sup>5</sup>For a statement by Under Secretary Ball, see *ibid.*, Oct. 22, 1962, p. 591; for text of a joint congressional resolution, see *ibid.*, p. 597.

We needed a foreign aid program capable of aligning the United States with similar forces at work in Asia, the Middle East, and Africa. In those vast regions peoples and governments are determined to develop their status as independent nations and to provide for themselves and their children an environment of economic growth, progress, and human dignity. Our response was a foreign aid program designed to help nations that showed a capacity and effective will to mobilize their own energies and resources for the development of their societies. Our aid program is rooted in the sound principle of self-help. It is designed to reward those who show a capacity and a will to help themselves. Legislation passed by the U.S. Congress in 1951 has made it possible for us to make reliable long-term commitments to nations with effective national development programs. Along with our Atlantic partners and Japan we hope gradually to build a stable partnership with the new and aspiring nations as each of them goes forward to the stage where it can qualify for this type of longrun development assistance.

With respect to Western Europe, we found that our own policies and those of the Western European nations had not yet come to grips with two massive facts:

First, that Western Europe in the 1950's experienced an extraordinary surge of growth and development and it was eager to accept a new degree of authority over its own destiny and on the world scene;

Second, that the movement toward European unity—which we had helped foster immediately after the war—had gained real momentum. A united Europe had become a real possibility, but its shape and our policy toward its evolution were not yet determined. With respect to Japan we found that our policies had not fully taken into account its impulse—after a decade of growth quite as remarkable as that of Western Europe—to find a new role of dignity and responsibility on the world scene.

Our response to these facts has been to encourage the movement toward European unity while suggesting to our European friends a new transatlantic partnership, outlined particularly in the President's speech of last July 4.\* We are in the

process of working out terms of that partnership in military matters; in trade, in problems of currency and reserves; in aiding the underdeveloped areas; and in many other areas.

#### Development of New Relationships

The development of these new relationships will take time. This is the biggest piece of international architecture ever undertaken in a time of peace. This new and complex partnership will evolve over years, not months. We are not dealing now with weak, impoverished nations, as was the case after the war. We are dealing with proud and strong nations seeking to find new relations with one another and with the United States, seeking to define their role on the world scene for the 1960's and beyond but doing so against the background of a long period of dependence on us which has made them more conscious of the fruits than of the burdens of world responsibility. This process—which, if successful, will add vast strength and stability to the free world—will certainly confront difficulties; but the related concepts of European unity and Atlantic partnership are soundly rooted in the lessons of our common 20th-century experience and increasingly in the minds and hearts of our peoples. Similarly, we are working with the Government of Japan, with the leaders of Japanese society—at every level—and with our friends in the Atlantic community to help weave the great potential contribution of Japan into the fabric of the free world's constructive enterprises.

Where then do we stand? Not one of the crises of 1951 is yet finally solved; all are still dangerous, but we are making progress in reducing the dangers these crises represent, and we have formulated policies with respect to each which we are prepared to back with all the great strength at our command.

In the longer run tasks we have undertaken with respect to Latin America, to the other developing areas, and with respect to Europe and Japan, we know where we want to go and we are moving. But we are also aware that it will take many years of hard, persistent, and purposeful collaborative effort to achieve the creative objectives we have set.

This is roughly where we stand and where we are trying to go—from the perspective of Washington. We see no grounds whatsoever for

\* *Ibid.*, July 23, 1952, p. 131.

oraphotos by our own imagination. We see reasons for confidence, for hope—and for hard, unbending, uncompromising effort.

### The World Scene From Khrushchev's Point of View

Now let me try to evaluate what the world scene may look like from Khrushchev's point of view.

Since 1945 we have seen two major Communist offensives designed to extend the power and influence of communism beyond the frontiers which were achieved as a result of World War II.

Between 1945 and 1951 Stalin pressed hard, first in the West and then to the east. He tried to penetrate Iran, Turkey, Greece, France, and Italy, and in 1949 he blockaded Berlin. Stalin's western offensive came to a halt with the Truman Doctrine, the Marshall Plan, the founding of NATO, and the success of the Berlin airlift.

His Asian offensive, which involved the widespread use of guerrilla warfare in Indochina, Malaya, Indonesia, and the Philippines—as well as the attempt to conquer South Korea—ground to a halt in the spring of 1951, when the reorganized forces of the United Nations in Korea battered the Chinese Communist armies at the 38th parallel.

After Stalin died the new group in Moscow launched a series of changes in domestic, military, and foreign policy which took some years to move forward; and they also faced a muted struggle for power which Khrushchev did not definitively win until 1957. At home the Soviets made some concessions to the desire of the Russian peoples for higher levels of consumption and greater security from the arbitrary power of the secret police. In foreign policy, generally frustrated in Europe and Japan, they turned with great hope to the possibility of exploiting potentialities for expanding Communist power and influence in the underdeveloped areas. In these areas the Communists sought to orchestrate the instruments of subversion, trade, and aid; they appealed to anticolonial and nationalist sentiments; and they sought to project an image of communism as the most efficient method for modernizing an underdeveloped region. In military policy the Soviets moved forward—on a smaller scale than we thought at the time—with nuclear weapons and missiles, seeking to bring nuclear blackmail to bear in their diplomacy as early as 1956. They

developed and exploited their big rockets to execute certain glamorous enterprises in space, and they sought to expand these by biologically and politically.

In this, in the wake of the post-Sputniks, Khrushchev's offensive, based on these initial positions, began to take shape. It was in 1958 that Khrushchev began to attack stronger lines on Berlin. It was in 1958 that the Communist Party in Hanoi announced that it would seek to overthrow the regime in Saigon by guerrilla warfare and then proceeded systematically to try to do so. It was in this post-Sputnik period, also, that the Communists set about to exploit the turbulence and confusion of the Congo; they seized power in Cuba; and they conducted a most vigorous political, economic, and subversive campaign in the underdeveloped areas.

Communist China also caught the fever. It was in this post-Sputnik period that Mao announced that "the east wind was prevailing over the west." The "great leap forward" and the communes were engineered in 1958, and an effort was made in that year to blockade Quemoy and Matsu.

The third military strength underlying this offensive was not as great as it then appeared to the world. The Russians, in fact, maintained a very high priority for defensive armaments; they built an IRBM [intermediate-range ballistic missile] force with which they hoped to hold Europe in nuclear hostage; and they moved more slowly toward an ICBM [intercontinental ballistic missile] capability. Nevertheless, taking the post-Sputnik offensive as a whole, it seemed to have a real momentum.

### Communist Offensive in Disarray

Today—due, as I would wish to emphasize, not merely to actions we and our allies have taken but to forces which are at work deep within the Communist bloc—Khrushchev's and Mao's post-Sputnik offensive is in disarray.

Mao's "great leap forward" has utterly failed. Chinese Communist policy was based on the view that they stood in the late 1950's where Stalin stood in the early 1930's. They believed great-power status was in their grasp. Such great-power status has now moved at least a decade away from them—and to move forward at all they face decisions thus far too painful for them to take, decisions which, in my view, require among other

things that the peasant families of China be given back the incentive to work and the freedom to work effectively. Meanwhile, the tendency toward the dilution of Moscow's control over the world's Communist parties has continued, marked by the drama of the Sino-Soviet split. Moreover, the inability of communism to organize efficiently the production of food has weakened drastically the Communist position in East Germany, in Cuba, and elsewhere, as well as in China.

At home Khrushchev staked a good deal on his capacity to provide the Russian peoples with an increase in the quality of their food and housing. He announced in 1957 a campaign to overtake within 3 years U.S. production of meat, milk, and butter, and he sought to provide an adequate supply of grain for an expanding population by opening up the vast virgin lands. He has now had to acknowledge to his people the existence of a continuing agricultural crisis; he has failed to achieve the promised supply of meat and dairy products; his grain production is barely keeping up with the expansion in population; and he has instituted this year the first increase in food prices in the Soviet Union since the Second World War. Moreover, he must limit his housing program, which is passionately desired by the Russian peoples, in order to increase armaments expenditures, and he must do so in the certain knowledge that the United States is committed to military plans which will deny him a relative improvement in his nuclear position over the coming years.

A broad he sees that everywhere in the underdeveloped areas the momentum of his offensive has slowed down. There are still Communist opportunities, but whether one looks to Asia, the Middle East, Africa, or Latin America, the tendency of the underdeveloped countries to assert their independence against the Communists, as well as ourselves, is, from his point of view, a fundamentally discouraging sign.

Doctrinally, Marxism is increasingly viewed by the young as a voice from the past, not as a guide to the present and the future; and communism, as a technique for organizing either an advanced or an underdeveloped society, is increasingly perceived as inefficient and reactionary, as well as profoundly inhumane.

Communist beliefs and expectations have thus been belied by the movement toward unity in Europe; by the solidity of NATO in the face of

the Berlin crisis; by the emerging transatlantic partnership; by the determination of the peoples and governments in the developing areas to maintain their independence; and by the corrosion of the economic life of the Communist bloc, notably in the agricultural sector.

Finally, under these gathering pressures and the persistence of nationalism beneath the surface of states dominated by communism, a tendency has developed toward fragmentation within the Communist Bloc and toward a progressive loosening of Moscow's control over the Communist parties around the world.

There is now no Communist Party which is not, in one way or another, diverted and preoccupied by the schismatic debate centered on the Sino-Soviet conflict and the issues of ideology, power, and policy related to that conflict.

### **Response of the Western World**

The vision of the world as seen from Moscow has thus substantially changed in the past 2 years. The policies which Khrushchev set in motion after he had acquired leadership of the Soviet Union have failed to achieve a breakthrough; meanwhile, the response of the Western World—plus the corrosive dynamics within the Communist bloc—have intertwined to produce a deep but quiet crisis in the history of communism. Moscow must ask itself: Where do we go from here?

In the short run, the answer may well be Berlin. It is possible that Mr. Khrushchev may miscalculate the will and the strength of the Allies and will attempt to precipitate another crisis in this city.

The United States and its allies are seeking to make their will sufficiently evident to deter that crisis. If not, we have ready a number of measures designed to meet it. I cannot, of course, go into the details of what these measures are. I can say that the measures are wide ranging and are designed to take into account a wide variety of circumstances. I can say that our allies are aware of them and will support them. We are in constant consultations with Chancellor Adenauer and his officials in Bonn, with our other allies, and with your redoubtable Mayor, Willy Brandt, who has recently been in consultation with Secretary of State Dean Rusk and President Kennedy.

They know our resolve. I am sure the people of Berlin know our resolve. The danger is that

the Soviets may not appreciate fully our resolve; or, if they do, they may not appreciate the consequences if they confront it. It is our hope that this crisis, precipitated by a miscalculation of the strength, unity, and determination of the West, can be peacefully resolved; but come what may, our dispositions are made. We are ready, and we know you are ready; and we're in this together.

But let us look beyond the difficult months ahead.

The great tasks of the free world are these: to bring to maturity the unification of Western Europe; to bind up in new unity the more advanced nations of Western Europe, North America, and Japan in global partnership, with shared responsibility; to build new constructive ties of partnership between these mainly northern nations and the developing nations which lie mainly to the south—in Latin America, Africa, the Middle East, and Asia; to defend the borders of the emerging community of independent nations by generating the military forces, the political unity, and the will this task demands; and to work with the forces of nationalism and liberalism which may emerge within the Communist bloc and thus to extend the writ of freedom for nations and for men.

These large objectives are not abstract or remote. They are the goals which suffuse intimately what we do from day to day. At the moment they are particularly vivid in my mind, for I come to Berlin after several days in Paris working on concrete tasks designed to contribute to the building of the Atlantic partnership. I came to Paris fresh from a conference in Puerto Rico, where more than 40 nations—from the more developed and less developed areas, from the north and the south—pressed forward with voluntary arrangements of the Peace Corps type and with other steps to train the manpower in the developing nations in badly needed modern skills.<sup>10</sup>

### **The Mission of Berlin**

And now I am in Berlin, one of the great points of cold-war confrontation, where our strength, unity, and will are under test, close by the men and women of East Berlin and East Germany, who, against their will, are cut off from their families, their nation, and the way of life they would freely choose.

<sup>10</sup> For background, see *ibid.*, Oct. 22, 1962, p. 628.

**November 5, 1962**

I believe Berlin has a mission in all the major dimensions of the free world's policy. Looking ahead, the wall which cuts tragically across this city need not diminish the contribution you can make to the cause of freedom in all its aspects. You are not the passive wards of the West; you are partners in a great global effort.

Working closely with your brothers in the Federal German Republic, you can play your part in all the economic and cultural enterprises of a unifying Europe and an expanding Atlantic partnership; you can, with your special human and industrial skills, play your part in the great adventure of assisting the developing nations; you have the proud duty of standing cool and firm at one among several crucial points along the frontiers of freedom; and, along with those allied with you, you can play your part in bringing peacefully and gradually to an end the barrier that now divides Germany and Europe.

For be clear: My Government has not forgotten or abandoned the mutual commitments made during the war years.

The agreements made between the Allies fighting Nazi Germany envisaged that the occupation after the war would have as its aim the restoration of Germany to the family of nations. As late as 1955, at the Four Power summit conference at Geneva, the Heads of Government reaffirmed that understanding and directed the foreign ministers conference to carry it out.<sup>11</sup> I need not remind you that the Soviet Union did not honor this commitment. But the United States and its allies have not wavered from that aim nor abandoned their purpose. What exactly is their pledge? As expressed in terms of the 1955 directive, my Government remains committed to the proposition that:

... the settlement of the German question and the re-unification of Germany by means of free elections shall be carried out in conformity with the national interests of the German people and the interests of European security.

If we can build the great northern partnership—with its massive superiority in resources and men; if we can create new relations of dignity and common enterprise with the emerging nations to the south; if we can mobilize steadily the resources, political unity, and will necessary to defend the frontiers of freedom; if we can,

<sup>11</sup> For text of the Directive to Foreign Ministers of July 23, 1955, see *ibid.*, Aug. 1, 1955, p. 176.

through the fog of cold war, work constructively with the forces of nationalism and liberalism that exist or may emerge within the Communist bloc, the day may come sooner than we might believe when those who rule within what we call the Communist bloc will understand two things: first, that world conquest or domination is an impossible and dangerous goal; second, that in a world of nuclear weapons, effectively inspected measures of arms control and disarmament are a universal interest which they fully share.

If the free world has the wit and the will to persist along the lines of present policy—for it surely commands the resources—the day will surely come when Moscow—and Peiping, too—will have to decide whether to persist in their thrust for external power, under progressively less advantageous terms, or to end the cold war and make their terms as important but not dominating units within the family of nations and of men. If on that day the decision is correctly made, it will be clear that the maintenance of a divided Germany and a divided Europe makes no sense.

Whether and when that day comes about depends in large part on how the affairs of the free world are conducted: It is not an outcome to be awaited, but an outcome to be created: it depends on how we comport ourselves in the face of both our immediate crises and the possibilities opened to us by the deeper tides of history.

It is, clearly, a mission for us all.

## **Secretary Rusk Stresses Role of U.S. Missions in Export Drive**

Press release 634 dated October 19

*Secretary Rusk on October 19 sent a letter to American ambassadors abroad which stresses their role and that of their senior staff members in giving maximum support to the export drive. The text of Secretary Rusk's letter follows.*

OCTOBER 19, 1962

DEAR MR. AMBASSADOR: I am gratified that, even though no specific reply was requested, a large number of our Chiefs of Mission have responded to Under Secretary Ball's letter of May 11, 1962.<sup>1</sup> That letter renewed the call, in conjunction with the implementation of the State-Commerce Agree-

ment on International Commercial Activities, for maximum support of the export drive.

I am also heartened that our Chiefs of Mission realize that the Export Expansion Program is not a bureaucratic device to export more work to our posts but a fundamental effort to increase our exports and thereby to improve our balance of payments. It is apparent to me, as I know it is to you, that there is a direct correlation between the level of our exports and our ability to accomplish many of our important foreign policy objectives.

The Executive, from the President on down, is vitally interested in expanding the volume of American exports. We know that in order to succeed we must have a direct and active participation in trade promotion by all of our Chiefs of Mission.

The role of our Chiefs of Mission is subject to change. What was traditional and helpful yesterday may be outmoded and inadequate today. I have come to the conclusion that this is the case as regards trade promotion. Mission Chiefs, their deputies, and indeed all top officials of the mission have many acquaintances in host government ministries and in business and other circles who can be sources of trade leads for our manufacturers and exporters. Not only commercial officers but the entire mission is obligated to be alert to these opportunities.

In today's competitive markets we can do no less than our competitors, short of participating in actual sales or giving unfair competitive advantage to one American company over another. In the absence of explicit restrictions in the regulations, it is left to the discretion of the Chief of Mission as to how far to go in assisting American businessmen establish trade connections.

Admittedly, competitor nations historically have a larger dependence on export trade than we. The governments of those countries therefore have a deeply imbedded tradition of assistance to their traders which they continue to follow. But we have no mean tradition ourselves. In the early years of our Republic, our Ambassadors and Consuls had a primary mission of promoting our commerce and trade, and made a significant contribution to the success of the "clipper ship" era in world commerce. Perhaps we need to recapture some of the zeal of our forebears, for we are in the export business not just for today and tomorrow but for the long haul. Accordingly, I

<sup>1</sup> Not printed here.